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Department of Veterans Affairs Veterans Health Administration Washington, DC 20420 VHA HANDBOOK 1400.05 Transmittal Sheet September 19, 2008

DISBURSEMENT AGREEMENTS PROCEDURES

- **1. REASON FOR ISSUE.** This Veterans Health Administration (VHA) Handbook delineates procedures relating to the establishment and administration of disbursement agreements for payment of stipends and fringe benefits for allopathic or osteopathic physician and dentist residents in accredited training programs in Department of Veterans Affairs (VA) facilities.
- **2. SUMMARY OF MAJOR CHANGES.** This is a new Handbook, written with specific emphasis on:
- a. Roles and responsibilities of individuals involved with oversight and administration of VA's disbursement agreements.
- b. Policies relating to the establishment, administration, monitoring, and auditing of disbursement agreements.
 - c. Clarification of when resident activities may be covered under a disbursement agreement.
- **3. RELATED PUBLICATIONS.** VA Handbooks 5005, 5007, and 5011.
- **4. RESPONSIBLE OFFICIALS.** The Chief Academic Affiliations Officer (14) is responsible for the contents of this Handbook. Questions may be referred to (202) 461-9490.
- **5. RECISSIONS.** VHA Manual M-8, Part II, Chapter 5, and VHA Directive 98-031 are rescinded.
- **6. RECERTIFICATION.** This VHA Handbook is scheduled for re-certification on or before the last working day of September 2013.

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CONTENTS

DISBURSEMENT AGREEMENTS PROCEDURES

PARAGRAPH	PAGE
1. Purpose	1
2. Authority	1
3. Background	1
4. Scope	1
5. Definitions	2
6. Appointment Procedures and Records	7
7. Planning for VA-funded Resident Positions	7
8. Responsibilities of the Chief Academic Affiliations Officer	7
9. Responsibilities of the Facility Director	7
10. Responsibilities of the Facility Chief of Staff	8
11. Responsibilities of the Designated Education Officer	8
12. Responsibilities of the VHA Chief Fiscal Officer	9
13. Responsibilities Residency Program Director (for the sponsoring institution)	10
14. Responsibilities of the VA Residency Site Director	10
15. Establishment of New Disbursement Agreements	11
16. Establishment of Stipend and Fringe Benefit Rates with Supporting Documentation	n 12
17. Activities Covered Under a Disbursement Agreement	14
18. VA Facility Administration of Disbursement Agreements	19
19. Process for Rate Changes	24

CONTENTS Continued...

APPENDICES	PAGE
A Disbursement Agreement Template for Resident Stipends and F	ringe
Benefits for Payment in Advance	•
B Disbursement Agreement Template for Resident Stipends and F Benefits for Payment in Arrears	e
C Sample Disbursement Rate Schedule	C-1

DISBURSEMENT AGREEMENTS PROCEDURES

1. PURPOSE

This Veterans Health Administration (VHA) Handbook delineates procedures relating to the establishment and administration of disbursement agreements for payment of stipends and fringe benefits for allopathic or osteopathic physician and dentist residents in accredited training programs in Department of Veterans Affairs (VA) facilities.

2. AUTHORITY

The authority for the conduct of residency and student training programs is contained in Title 38 United States Code (U.S.C.) 7302. The legal authority for disbursement agreements is contained in 38 U.S.C. 7406(c). The Veterans Health Care Expansion Act, Public Law 93-82, passed in 1973, authorized VA to enter into agreements with affiliated academic institutions for the central administration of resident salaries and benefits. The law specifies that VA may only reimburse an affiliate to cover the cost for the period that a resident serves in a VA facility. VA does not pay an affiliate's general administrative costs through a disbursement agreement.

3. BACKGROUND

- a. Prior to 1973, the practice of paying residents who rotated among affiliated hospitals often meant that residents had to be frequently switched between different salary and benefit plans. Directly paying rotating residents, in programs not sponsored by VA made record keeping difficult, resulted in residents receiving different pay or fringe benefits when assigned to VA, and led to discontinuity of health insurance coverage. Since the early 1990s, disbursement agreements have been the predominant and preferred means of paying resident stipends and fringe benefits (see VA Handbook 5007, Pt. II, App. E).
- b. A disbursement agreement is a payroll mechanism by which VA allows a "disbursing agent" to centrally administer either salary payments and fringe benefits (full disbursement agreements) or fringe benefits alone (partial disbursement agreements) for medical and dental residents assigned to a VA facility. The "disbursing agent" may be the sponsoring institution for the residency training programs itself or an entity delegated by the sponsoring institution(s) to handle stipend and benefit disbursements (e.g., a graduate medical education consortium). Disbursement agreements cover residents training in VA locations whether inpatient or outpatient and provide a mechanism to achieve equity between resident salaries and benefits provided by the affiliated, sponsoring institution(s) and those provided by VA.

4. SCOPE

a. Providing care for veterans, while at the same time educating tomorrow's health care providers, are statutory missions of VA, which has the responsibility to oversee and manage clinical training in VA health care facilities. VA strongly promotes a policy of cooperation and professional interaction with the Nation's academic community, which is based on the premise that the best health care is provided in an environment of learning and inquiry.

b. Every year, VA funds approximately 9,000 medical and 350 dental residents. The general philosophy underlying this policy is that VA expects to fund only the stipends and benefits of residents assigned to VA.

5. DEFINITIONS

- a. <u>Accreditation.</u> Accreditation is a status of public recognition that an accrediting agency grants to an educational institution or program that meets the agency's established standards and requirements. Accreditation represents a professional opinion about the quality of an educational program. VA will accept trainees only when the sponsoring institution and the educational program are accredited.
- b. <u>Accrediting Agencies for Physician Education</u>. Authorized United States (U.S.) accrediting agencies recognized by VA for undergraduate medical education are the Liaison Committee on Medical Education (LCME) for allopathic medical schools and the American Osteopathic Association (AOA) Commission on Osteopathic College Accreditation (COCA) for osteopathic medical schools. Medical postgraduate training is accredited by the Accreditation Council for Graduate Medical Education (ACGME). The AOA, through its Program and Trainee Review Committee (PTRC) and the Council of Postdoctoral Training (COPT), approves osteopathic postdoctoral training programs.
- c. <u>Accrediting Agency for Dental Education</u>. The Commission on Dental Accreditation (CDA) is the national accreditation entity for undergraduate and graduate dental education.
- d. <u>Affiliation</u>. An affiliation defines the relationship between VA and an educational institution or other health care facility for the purposes of education, research, and enhanced patient care (see current VHA policy). VA and the affiliated training program sponsors have a shared responsibility for the educational enterprise.
- e. <u>Affiliation Agreement.</u> An affiliation agreement is the required document that enables an affiliation relationship with a sponsoring institution, which ensures compliance with accrediting body institutional requirements.
- f. <u>Program Letter of Agreement (PLA) or Memorandum of Understanding (MOU).</u> An educational PLA or MOU is a required document drafted jointly by VA and a specific educational program, or health care facility, that provides a trainee with an educational experience.
- (1) An educational PLA or MOU is required <u>in addition</u> to a formal Affiliation Agreement and may not substitute for an affiliation agreement. These documents need to conform to the standards of the appropriate accrediting body. They must:
- (a) Identify the faculty who will ensure teaching, supervision, and evaluation of trainee performance including duty hours;
 - (b) Outline trainee educational objectives;

- (c) Specify periods of trainee assignment; and
- (d) Establish policies and procedures for maintaining trainee education during the assignment.
- (2) Neither the Office of Academic Affiliation (OAA) nor VA General Counsel needs to approve an educational PLA or a MOU; however, there must be an affiliation agreement between the parties in place before an educational program agreement can be signed.
- (3) PLAs cannot conflict with the affiliation agreement, address issues already covered in the agreement, or address other legal issues, such as liability or payments between the parties or to the trainees.
- g. <u>Associate Chief of Staff (ACOS) for Education</u>. The ACOS for Education is the designated facility education leader with expertise in health professions education, especially graduate medical education (GME). *NOTE:* ACOS for Education is the preferred organizational title for individuals assigned the responsibilities of the Designated Education Officer (DEO) role (see subpar. 5j).
- h. <u>Chief of Staff.</u> The facility Chief of Staff is the local management official responsible for establishing, maintaining and evaluating the quality of clinical training programs at a VA medical facility. The ACOS for Education (or similar education leader) assists the Chief of Staff in fulfilling these requirements.
- i. <u>Continuity Clinics.</u> Continuity clinics provide comprehensive patient care, including health maintenance and chronic disease management, by way of a patient's long-term relationship with a particular practitioner or practice group. Participation in continuity clinics is a required educational experience for medical residents.
- j. <u>Designated Education Officer</u>. The DEO is the single, designated VA employee who has oversight responsibility for <u>all</u> health professions training at a VA medical facility.
- (1) Together with the VA Chief of Staff, the DEO has responsibility for the management of all clinical training program affiliations. The preferred organizational title for this education leader is ACOS for Education, but other titles such as Director of Education or Chief Education Service Line, may be used. *NOTE:* The DEO describes a functional assignment and not an organizational title. Each facility with residency programs must appoint a DEO to coordinate local health professions education activities, including GME.
- (2) All VA facilities that either sponsor or participate in accredited graduate training programs in medicine (allopathic or osteopathic) or dentistry must have a single, appropriately qualified VA employee who is identified as having overall oversight of trainee education, i.e., the DEO.
- (3) The DEO is an education leader (often titled as ACOS for Education) who serves in a capacity at VA similar to that of the Designated Institutional Official (DIO) at the sponsoring

institution. The DIO has the authority and responsibility for the administration and oversight of all accredited training programs at the sponsoring institution, and for ensuring compliance with the accrediting body's institutional requirements.

- k. <u>Designated Institutional Official</u>. The DIO is an individual employed by the sponsoring entity who has the authority and responsibility for the oversight and administration of all accredited training programs at the sponsoring institution, and ensures compliance with accrediting body institutional requirements, and for the oversight and administration of trainees in discipline-specific programs. The ACGME requires that each institution sponsoring ACGME-accredited programs have an individual appointed as the DIO who is responsible for ensuring compliance with ACGME institutional requirements. For affiliated institutions with osteopathic training programs, the comparable individual is called the "Director of Medical Education." *NOTE:* A VA facility that sponsors ACGME-accredited programs independently must have its own DIO, although the responsibilities and functions overlap with those described for the DEO.
- 1. <u>Didactic Sessions.</u> Didactic sessions are formal, structured educational meetings for the exchange of medical or dental information. Didactic sessions include lectures, seminars, conferences and "grand rounds," but not clinical assignments. For the purpose of this Handbook, didactic sessions do <u>not</u> include classes taken for credit towards a degree program.
- m. <u>Educational Activities</u>. For the purposes of this Handbook, educational activities include all activities in which trainees participate in order to meet educational goals or curriculum requirements. These may include:
 - (1) Inpatient and outpatient clinical duties, including continuity clinics;
 - (2) Didactic sessions;
 - (3) Research;
 - (4) Literature searches;
 - (5) Assigned independent study;
 - (6) Attendance at committee meetings (e.g., quality improvement or pharmacy committees);
 - (7) Participation in root cause analysis teams;
 - (8) Scholarly activities undertaken as part of an accredited training program; and
 - (9) Approved educational details.
- n. <u>Educational Detail.</u> An educational detail is an authorized training experience at a non-VA, non-sponsoring institution or participating site, including experience at a VA or other Federal site different from the VA facility where the majority of the resident's training occurs.

- o. <u>Residency or Training Program Director</u>. The residency or training program director (hereafter, referred to as the "Program Director") reports to the sponsoring institution on matters of program accreditation. This individual is responsible for the maintenance, evaluation, and improvement of a particular education and training program across all affiliated sites and may or may not be based at the VA facility. *NOTE:* If based at VA, the Program Director will typically also perform the role of VA Site Director (see subpar. 5w), as well as serving as Program Director for the sponsoring institution.
- p. <u>Residents.</u> Residents are physician and dentist trainees engaged in post-graduate specialty or subspecialty training programs.
- (1) The term "resident" includes individuals in their first post-graduate year (PGY) 1 of training, often referred to as "interns," and individuals in subspecialty graduate medical education programs, generally referred to as "fellows" (often PGYs 4 and above, depending upon the specialty).
- (2) "Resident" also refers to individuals designated as "house staff." Individuals in non-accredited programs, including VA Advanced Fellows, are not considered residents for the purpose of this policy.
- q. <u>Chief Resident.</u> The Chief Resident is an individual who is considered senior in the training program and who may or may not be a licensed independent practitioner. Chief Residents are designated by the Residency Program Director and may assume advanced administrative responsibilities necessary for the operation of the residency program. Chief Residents fall into one of two categories:
- (1) **Chief Resident In Training.** A Chief Resident In Training is a Chief Resident who is currently enrolled in an accredited residency program, but who has not completed the full-academic program leading to board eligibility. These Chief Residents are not independent practitioners and cannot be privileged to work in the discipline for which they are being trained. This model is common in surgery programs.
- (2) **Chief Resident Post Training.** A Chief Resident Post Training is a Chief Resident who has completed an accredited residency program, but is engaged in an additional, non-accredited year of training and responsibility. These Chief Residents have completed their primary training for board eligibility or are board-certified and may be privileged in the discipline of their completed specialty-training program. These Chief Residents are frequently licensed independent practitioners. *NOTE: This model is common in internal medicine programs*.
- r. <u>Resident Position.</u> A resident position is a VA-funded resident training position that corresponds to an annual "full" assignment for specialty or subspecialty, program-specific VA educational activities. A single resident position may be filled by multiple residents. A resident position may also be considered as a "split" assignment, which is tracked according to the per cent of VA-assigned educational activities.

- s. <u>Scholarly Activities</u>. Scholarly activities include educational experiences that may involve any of the following or similar types of experiences:
- (1) Active participation in clinical discussions, rounds, and conferences in a manner that promotes a spirit of inquiry and scholarship;
- (2) Active participation in journal clubs, research conferences, regional or national professional and scientific societies, particularly through presentations at the organizations' meetings and publications in their journals;
- (3) Participation in research, primarily, but not necessarily, in projects that are funded by a competitive peer review process or result in publications or presentations at regional and national scientific meetings; and
- (4) Offerings that provide guidance and technical support, e.g., research design, statistical analysis, for residents involved in research. *NOTE:* This definition is modified from the ACGME. Additional or more specific scholarly activities may be delineated in program requirements set by other accrediting or certifying bodies.
- t. **Sponsoring Institution.** A sponsoring institution is an organization or entity that assumes the legal responsibility for trainees enrolled in VA educational experiences. The sponsoring institution is the entity in whose name affiliated programs are accredited and with whom VA must have an affiliation agreement to permit clinical training at VA.
- u. <u>Participating Institution</u>. A participating institution is any site to which a resident may rotate for educational experiences. Assignments to participating institutions, including both required and elective rotations, require advance approval by the relevant accrediting body. Generally, to be designated a major participating institution, residents must spend at least 2 months in a required rotation (in a 1-year program); at least 4 months (in a 2-year program); and at least 6 months (in a 3 year or longer program). *NOTE:* The accrediting body may grant exceptions to this formula.
- v. <u>Disbursing Agent.</u> The disbursing agent is the entity that pays the residents' stipends and fringe benefits as an agent of VA. VA reimburses the disbursing agent for resident stipends and benefits under a disbursement agreement for educational activities performed by residents assigned to VA. *NOTE:* In many instances, the 'sponsoring institution' and the 'disbursing agent' are the same entity. However, there are exceptions to this general rule.
- w. <u>VA Residency Site Director</u>. The VA Residency Site Director (hereafter referred to as the "Site Director") is the individual responsible for developing and implementing the specialty-specific training program at VA. The Site Director must ensure that core curricular objectives are met and that educational activities are appropriate and have been completed as assigned. The Site Director must be in the same discipline as that of the trainees, must be closely involved in resident training, and must be appointed with the approval of the Program Director.

6. APPOINTMENT PROCEDURES AND RECORDS

Medical and dental residents paid through a disbursement agreement must be given an intermittent VA appointment (see VA Handbook 5005, Pt. II, Ch. 3, Sec. H). Stipends of residents who are paid full-time by another Federal agency (e.g., Department of Defense or National Institutes of Health) may not be reimbursed by VA under a disbursement agreement, and should be given without compensation (WOC) appointments.

7. PLANNING FOR VA-FUNDED RESIDENT POSITIONS

- a. <u>Determination of the Number of Resident Positions.</u> Prior to the beginning of the allocation cycle (e.g., September or earlier) the VA DEO will conduct an appraisal of educational activities to determine the number and distribution of VA resident positions within the facility's assigned base allocation. The DEO performs an analysis of VA clinical educational activities and opportunities, the available educational infrastructure (including appropriately-qualified supervising practitioners), and the objectives of each affiliated residency training program. The assessment includes consultation with relevant residency Program Directors at the sponsoring institution, VA Site Directors and VA service or section chiefs. This assessment must be discussed with and have the approval of the DIO at the sponsoring institution and the VA Chief of Staff. Increases or decreases in the base resident position allocation may be requested in accordance with OAA procedures.
- b. Review of VA Educational Activity Assignments. VA resident assignments must meet all institutional and programmatic accrediting body standards, as determined by the ACGME, AOA or CDA. The residency Program Director must account for the VA component of the training program and the satisfactory completion of required educational activities by residents assigned to VA. Usage of annual leave (which may be called 'vacation days' by the sponsoring institution) and provision for on-call coverage must be considered when planning for resident assignments within allocated positions. NOTE: The schedule of assigned activities may vary considerably from program to program and must be consistent with the educational and training objectives and program requirements.

8. RESPONSIBILITIES OF THE CHIEF ACADEMIC AFFILIATIONS OFFICER

The Chief Academic Affiliations Officer is the VHA official responsible for establishing relevant policy with respect to disbursement agreements, and has the delegated authority to approve new disbursement agreements and annual rate changes. OAA is responsible for the orientation and training of DEOs with respect to the requirements of this Handbook.

9. RESPONSIBILITIES OF THE FACILITY DIRECTOR

The facility Director is responsible for:

a. Ensuring that local policies and procedures, including assignment of auditing responsibility, are in place to fulfill the requirements of this Handbook; this includes having a local policy defining the procedures for resident activity record keeping that includes assignment of record keeping duties to appropriate staff;

- b. Appointing the facility DEO;
- c. Ensuring that the office conducting the reconciliation of invoices submitted under a disbursement agreement has sufficient resources, including knowledgeable supervision, to accomplish this task; and
- d. Appointing an independent team to conduct periodic audits or facility-level self-assessments of disbursement agreements, who must not be directly involved in the management or routine monitoring of disbursement agreements.

10. RESPONSIBILITIES OF THE FACILITY CHIEF OF STAFF

The facility Chief of Staff is responsible for:

- a. Oversight of all VA graduate medical and dental training programs; and
- b. Serving as, or supervising, the DEO.

11. RESPONSIBILITIES OF THE DESIGNATED EDUCATION OFFICER (DEO)

The DEO has general oversight of all trainees, including graduate medical and dental education trainees, at the VA facility (or consolidated facilities). DEO oversight responsibilities include:

- a. Serving as the VA point of contact (POC) for all issues and trainees, including graduate medical and dental trainee;
- b. Ensuring that affiliation agreements and PLA or MOU are in place for all sponsoring institutions;
- c. Exercising oversight of all disbursement agreements, including the following key responsibilities:
- (1) Initiating the planning process to determine the number and distribution of resident positions.
- (2) Ensuring that all educational and other activities meet the criteria delineated in this Handbook (see par. 16).
 - (3) Establishing local procedures for:
 - (a) Educational activity record keeping,
 - (b) Monitoring resident participation in assigned educational activities, and

- (c) Reconciliation of VA educational activity records with invoices submitted by the disbursing agent.
- (4) Ensuring initial and annual training of VA staff involved in educational activity record keeping for disbursement agreements.
- (5) Obtaining annual rate changes from the disbursing agent and communicating these to appropriate parties, including the facility Chief Fiscal Officer (CFO) and Chief of Human Resources (as determined by local practice), and securing approval of the rate changes from the OAA.
- (6) Collaborating with the CFO in the administration of disbursement agreements and related fiscal matters.
- d. Approving educational details and other off-site educational activities, as specified in this handbook.
- e. Ensuring that all residents have appropriate VA appointments through the Human Resources Service. *NOTE:* Residents paid through a disbursement agreement must have an intermittent appointment.

12. RESPONSIBILITIES OF THE VHA CHIEF FISCAL OFFICER

The VHA CFO is responsible for ensuring that obligations are set up appropriately and for payments to the disbursing agent according to the terms of the disbursement agreement, and for:

- a. Verifying that the Disbursement Rate Schedule in effect is current and has been approved by OAA, and
 - b. Ensuring that:
- (1) Monthly obligations are estimated on VA Form1358, Estimated Miscellaneous Obligation or Change in Obligation, and are required regardless of whether payments are made in arrears or in advance.
- (2) Obligations are recorded at the beginning of the month, based on the assignment schedule provided by the affiliate.
- (3) Monthly and quarterly invoices for payment to affiliated medical school or disbursing agent are submitted to the DEO for review and certification.
- (4) Funds obligated agree with the estimated obligations reported on the Quarterly Analysis of Estimated Obligations and Status of Funds.
- (5) Only (.26) funds allocated from OAA are used to pay residents under a disbursement agreement and Subaccount 2587 is used to report the expenditures for house staff disbursement agreements;

- (6) There is prompt processing of payments to the disbursing agent in accordance with the terms of the disbursing agreement;
- (7) Invoices for payment are processed <u>only</u> after review and certification by the VA DEO. Payment will be made only for the amount certified.
 - (8) Quarterly reports of needs or excess of .26 funds for trainees are submitted to OAA.

13. RESPONSIBILITIES OF THE RESIDENCY PROGRAM DIRECTOR (FOR THE SPONSORING INSTITUTION)

The Residency Program Director (for the sponsoring institution) is responsible for:

- a. Ensuring the overall quality of the training program and that the program is in compliance with the policies of the appropriate accrediting and certifying bodies.
- b. Programming operations, scheduling, logistics, educational objectives and curriculum development, evaluation methodologies, and relationships with external accrediting agencies and certifying bodies.
- c. Defining the levels of responsibilities for each year of training by preparing a description of the types of clinical activities residents may perform.
 - d. Ensuring that PLAs are in place for participating VA training sites.
- e. Maintaining descriptions of all resident educational activities at all participating educational sites, including, but not necessarily limited to:
 - (1) Hospital and outpatient clinical activities,
 - (2) Continuity clinics,
 - (3) Didactic sessions,
 - (4) Research and scholarly activities,
 - (5) Required clinical activities at non-VA sites, and
 - (6) Educational details.
- f. Approving and communicating the residents' schedule of educational activities annually to the VA Site Director and DEO. Monthly schedules by name and PGY level, as well as any changes or substitutions in these schedules, must be provided to the VA Site Director. Program Directors are also responsible for planning and approving annual leave, sick leave and any other absences.

14. RESPONSIBILITIES OF THE VA RESIDENCY SITE DIRECTOR

The VA Residency Site Director is responsible for:

- a. Ensuring that trainees are oriented to the training site, including expectations, schedules, relevant policies and educational activities.
 - b. Approving leave (in collaboration with the Program Director) for VA-assigned residents.
 - c. Certifying of residents' educational activity records.
 - d. Providing certified educational activity records to the DEO.
- e. Communicating regularly with the DEO and the affiliated Program Director regarding changes in resident educational activity schedules.
- f. Conducting, in collaboration with the Program Director, an annual appraisal of educational activities and opportunities related to the facility's base allocation, and communicating the results to the DEO (see subpar. 18a).

15. PROCESS FOR ESTABLISHMENT OF NEW DISBURSEMENT AGREEMENTS

- a. At least 6 months prior to the effective date of a proposed disbursement agreement, a letter is submitted by the VA facility director to the Chief Academic Affiliations (14) specifying:
 - (1) The type of agreement requested (full or fringe benefits only),
 - (2) Whether payment to the disbursing agent is advance or in arrears,
 - (3) A draft disbursement agreement (see App. A or App. B),
 - (4) A draft Disbursement Rate Schedule (App. C), and
- (5) An approved affiliation agreement with sponsoring agent (if not previously submitted). **NOTE:** Approved standard formats have been developed and are attached as Appendices, A, B, and C. Any changes to these may require additional time for approval by OGC.
- b. Estimated stipend and benefit rates (App. C) is generally the same as those of the sponsoring institution. *NOTE:* See VA Handbook 5005, Part II, Chapter 3, Paragraph H; and VA Handbook 5007, Part II, Appendix E.
- c. After review and concurrence by OAA, and if necessary OGC, the draft disbursement agreement is returned to the facility for any stipulated revisions. An original of the revised disbursement agreement, signed by the VA facility Director and the DIO (on behalf of the sponsoring institution) must be submitted to OAA for formal approval. In the event that the disbursing agent is <u>not</u> the sponsoring institution itself, a representative of the disbursing agent must also sign the agreement <u>before</u> submission to OAA.

- d. Final signed agreements with approved rates are returned to the facility DEO for distribution to the DIO, the sponsoring institution's disbursing agent, the CFO, and any other appropriate staff involved in the disbursement process.
- e. The approved rates become effective <u>only</u> after all parties have signed the agreement and the agreement is approved by the Chief Academic Affiliations Officer.

16. ESTABLISHMENT OF STIPEND AND FRINGE BENEFIT RATES WITH SUPPORTING DOCUMENTATION

Complete and accurate cost documentation is essential for all items requested for reimbursement. Facilities need not submit cost documentation to OAA; however, cost documentation must be available upon request to support the proposed rates.

- a. <u>Stipends.</u> Annual resident stipend and benefit rates must correspond to the annual PGY-specific stipends and benefits awarded by the disbursing agent of the sponsoring institution. Pay rates for Chief Residents may be shown in disbursement rate schedules developed for other residents by adding a note to reflect the amount of pay differential or rate authorized. Chief Resident rates must be documented in the same manner as regular residents' stipends.
- b. <u>Fringe Benefits.</u> Only fringe benefits as approved by OAA and <u>accruing individually to each resident</u> are considered in the annual total reimbursement per resident. The rates must be documented in writing. Documentation may consist of a schedule on the affiliate's letterhead, signed by a responsible organization official; a part of other official communication from the affiliate; or a copy of the collective bargaining agreement with the disbursing agent. In the absence of such documentation, the House Staff Handbook or the disbursing agent's memorandum to house staff concerning pay is suitable.
- (1) **Federal Insurance Contributions Act (FICA).** FICA tax is a payroll tax imposed by the U.S. Federal government to fund Social Security and Medicare. Most agreements reimburse the disbursing agency for FICA tax paid. Some residents may be exempt from FICA, for example, resident aliens on J1 visas. In order to avoid tracking the payment or non-payment of FICA on an individual resident basis, an average FICA payment, which takes into account the proportionate number of non-citizen residents on J1 visas who are not eligible for FICA, may be calculated and paid to the disbursing agent. The basis for the annual FICA payment needs to be documented.
- (2) **Health Insurance.** Suitable documentation typically consists of a copy of the carrier's invoice or statement on the carrier's letterhead clearly identifying unit costs to the disbursing agent for each health benefit plan available to the resident. Average health insurance rates may be calculated in order to avoid tracking residents on 'individual' versus 'family' insurance plans.
- (3) **Other Insurance.** Life and disability insurance provided by commercial insurance carriers is fairly common. These may sometimes be grouped such as a combined accidental death and disability policy (AD&D). Documentation of costs and resident entitlements must be maintained.

- (4) **Worker's Compensation.** Suitable documentation typically consists of provisions of the law, regulation, ordinance, or other binding governmental document, which specifies the cost to the disbursing agent for government entities. If an affiliate is self-insured for worker's compensation, copies of its internal accounting documents, or those of an independent auditor, may be used to support costs.
- (5) **Retirement.** Residents at some affiliates are covered by a retirement program for which the employer pays full or partial premiums.
- (a) If the resident is fully vested and all funds contributed to the retirement fund by the disbursing agent follow the employee when employment (residency) ceases, VA may reimburse for the cost.
 - (b) If residents are not fully vested, VA does not reimburse for employer contributions.
- (c) Occasionally, vesting does not occur until the second or third year of employment. In those cases VA reimbursement may begin with the year the employee becomes fully vested. Documentation must completely describe employer contribution costs related to the retirement program, including specific information about vesting. *NOTE:* Such documentation is frequently found in official brochures or handbooks accompanying employment. Exact employer costs must be determined.
- (6) Other Reimbursable Items. Items not listed in the preceding paragraphs may be included with specific cost documentation and justification. These items require approval from the Chief Academic Affiliations Officer. Certain individually-accountable services or items that do not become the property of the resident may be reimbursable under disbursement agreements. These include housing, parking, meals, and laboratory coats or uniforms, provided they are required by the program and provided to all residents in the program.
- c. <u>Daily Rate.</u> The Daily Rate by PGY level is determined by dividing the annual salary plus the cost of the approved fringe benefits for each PGY-level position by 365 days per year (or 366 in leap years) less the allowable annual (vacation) leave. The number of days of annual leave must conform to the sponsoring institution's rate, but must not exceed 30 days. *NOTE:* The House Staff Handbook, or similar publications, usually describes these entitlements and should be adequate for documentation.

d. Non-reimbursable Items

- (1) Non-reimbursable items are general administrative costs, which do not need to be included in disbursement agreements. These include, but may not be limited to:
- (a) The costs associated with mandatory orientation and training programs (such as Advanced Cardiac Life Support (ACLS)),
 - (b) E-mail services,

- (c) Residency management software applications,
- (d) In-service exams, and
- (e) Program accreditation.
- (2) The following items are <u>not</u> reimbursable under a disbursement agreement:
- (a) Administrative support;
- (b) Accreditation site visit charge;
- (c) Accreditation Council for Graduate Medical Education per-resident assessment;
- (d) Cost of attendance at medical meetings and special education courses;
- (e) E-mail services;
- (f) In-service exams;
- (g) Indirect costs of resident education;
- (h) Mandatory orientation;
- (i) National Resident Matching Program participation charge;
- (j) Pagers, cell phones or Blackberries;
- (k) Program accreditation;
- (1) Purchase of education materials, e.g., books, tapes, and software;
- (m) Residency Management software;
- (n) Training programs (such as ACLS); or
- (o) Tuition and registration fees.

17. ACTIVITIES ELIGIBLE FOR VA REIMBURSEMENT UNDER A DISBURSEMENT AGREEMENT

VA educational activities eligible for reimbursement are assigned and approved based upon the planning process conducted (see par. 7 and subpar. 5m). All reimbursement must be based upon actual, documented assignment and activities undertaken at the VA facility, except as noted in subparagraphs 16b. though 16d. Off-site training involving specific groups of patients not represented in VA (e.g., pediatrics and obstetrics), but available at the sponsoring or other participating institutions, is not reimbursed under a disbursement agreement, even if such

training is required for accreditation or board certification. The following educational activities and leave may be reimbursed under a disbursement agreement.

a. On-site Educational Activities

- (1) Residents whose primary assignment is to VA for a month (or other defined rotation period) are eligible for reimbursement. These "full" assignments are generally in primary or basic specialty training programs, such as internal medicine, surgery, or psychiatry.
- (2) Residents who divide their activities between VA and another participating site are also eligible for reimbursement. These "split" assignments generally occur in more advanced residency programs (e.g., internal medicine sub-specialty fellowship programs), but are also used by some basic specialty training programs (e.g., dermatology).
- (3) Non-duty days as required by ACGME or other accreditation body's duty hour rules or according to typical schedules for a given training program is reimbursed.
- b. <u>Off-site Educational Activities</u>. VA may reimburse certain off-site, VA-approved educational activities as follows:
- (1) **Didactic Sessions and Scholarly Activities.** Residents are expected and permitted to attend didactic sessions at a non-VA affiliated site while "assigned to VA," <u>provided</u> the educational activities are specified in advance in the resident's schedule, are needed to enable the residents to perform their VA duties, <u>and</u> are required of all residents in the program.
- (a) Whenever possible, a proportionate share of required didactic sessions needs to be held at a VA facility or made available to VA-assigned residents by video-teleconferencing.
- (b) During VA assignments, residents are expected and permitted to undertake scholarly activities, such as library research or conference preparation. *NOTE:* This can often be accommodated on VA premises with VA supervisors. Scholarly activities at an affiliated site may be credited as VA-assigned activity.
- (2) **Continuity Clinics.** Continuity clinic training enhances a resident's ability to care for patients in general and patients with chronic diseases in particular. Continuity clinics at the primary academic affiliate and other participating sites may be credited as part of a resident's VA assignment, but only when such training is required and needed to enable the residents to perform their VA duties, and provided a proportionate share of non-assigned residents have "reciprocal" continuity clinics at VA. **NOTE:** Continuity clinics are presently required by family medicine, internal medicine and its subspecialties, neurology, and psychiatry.
- (3) **Special Circumstances.** Limited off-site activities, which enhance the care of individual VA patients or VA patients in general, may be undertaken by residents assigned to VA.
- (a) In each of these exceptional circumstances, the resident must be supervised by an appropriately-credentialed VA practitioner.

- (b) <u>Approval of the VA Site Director and DEO must be obtained in advance of such activity in order to ensure reimbursement under a disbursement agreement.</u> Written documentation of the approval process must be maintained on file by the DEO. Specific examples include:
- <u>1</u>. Radiology, where residents may be engaged in electronically reading VA patient images at a remote location while on-call;
- <u>2</u>. Pathology, where residents may engage in consultation regarding VA patients requiring highly-specialized expertise available only at an off-site location, or where residents go to an off-site location to participate in autopsies on VA patients when a given VA facility no longer does autopsies in-house; and
- <u>3</u>. Research (Resident participation at non-VA facilities), where the supervising practitioner (investigator) holds a VA appointment and where the research project is approved by VA Research Service.

(4) Attendance at Local, Regional or National Meetings

- (a) As part of their scholarly activities (see subpar. 4p), residents assigned to VA may attend local, regional, or national meetings, <u>provided attendance could be reasonably considered to enhance the provision of care to VA beneficiaries</u>. For example, attendance at a rheumatology or quality improvement conference may be appropriate, whereas pediatrics or obstetrics conferences are not.
- (b) Approval of the VA Site Director and DEO must be obtained in advance of such activity in order to ensure reimbursement under a disbursement agreement. Written documentation of the approval process must be maintained on file by the DEO. Time approved for such meetings must be shared between all participating sites based on their proportionate share of assigned resident positions. In no case, should time approved for such activities exceed 5 days per resident on an annual basis.

c. Allowable Leave

- (1) **Annual Leave.** Annual leave must be incorporated in the VA-approved per diem rate under the disbursement agreement. The adjusted per diem payment provides the disbursing agent with funds to cover the annual leave for VA's proportionate share of resident positions. Reporting of leave is not required due to the fact that the cost of the annual leave is included in the daily rate; however, VA must <u>not</u> be billed for days when a resident is on annual leave. Incorporation of annual leave into the per diem rate is accomplished as follows:
- (a) The per diem rate must be based upon the annual stipend divided by 365 (366 in leap years) minus the annual leave per resident position allowed by the sponsoring institution or program. For example, if the sponsoring institution grants 21 days per year for each resident, the per diem rate is calculated by dividing the annual resident stipend by 344 (365 21 days = 344). In this example, each resident position is thus equivalent to 344 days of assigned VA educational activities. A resident who takes annual leave for the remaining 21 days is paid by the sponsoring institution, and VA is not billed for the leave, as VA has already factored the leave into the per

diem reimbursement. *NOTE*: Clinical coverage for when residents are on leave (e.g., to provide 365-day coverage of inpatient services) must be feasible within the approved VA base allocation and needs to be considered in the planning process (see subpar. 7b).

- (b) Alternate methods for determining and reimbursing for annual leave may be used only with the advance approval of the Chief Academic Affiliations Officer.
- (c) When on VA-assigned rotations, residents' leave must be prospectively approved by the Program Director and the VA Site Director. *NOTE:* Sites are encouraged to pre-schedule leave rotations at the beginning of each academic year so not to interfere with resident assignments and coverage.
- (2) **Sick Leave**. Reimbursement for sick leave is governed by the policy of the sponsoring institution, but must not exceed 15 days per academic year of training for each VA-assigned resident position as a leave pool, or per individual resident. Resident sick leave days do not accrue from year to year. Unused sick leave is non-reimbursable. Sick leave may not be included in the calculation of the per diem rate. Sick leave days may be used for maternity leave, bereavement, or family leave, provided such use is included in the leave policy of the sponsoring institution. Sick leave must be reported to the VA Site Director and the Program Director, tracked, and reimbursed only if used (subject to the 15-day per resident position per program limitation).
- (3) **Military Leave.** Residents who are members of the U.S. National Guard or a reserve component of the armed forces may be granted military leave, not to exceed 15 calendar days per year, for the performance of active military duty.
- (4) **Examination Leave.** Residents may be relieved from assigned duties to undergo examinations for state medical licensure and U.S. specialty boards. The absence authorized can not exceed the time required for taking the examination and traveling to and from the examination site.
- d. <u>Educational Details.</u> Absences from VA to non-VA, non-sponsoring institutions, or non-participating sites must be handled under the procedures for approving "educational details" (see VA Handbook 5007, Pt. II, App. E). Educational details are reserved for clinical experiences that <u>cannot be provided either at VA or the sponsoring and participating institutions and which are part of providing complete medical services to veterans, i.e., VA may reimburse for residents' time outside VA facilities only when those activities help meet VHA's primary function. Requests for educational details must be submitted in writing by the Program Director through the VA Site Director to the DEO for advance approval. Records of approvals of educational details must be kept on file for a minimum of 5 years. OAA approval of educational details is <u>not</u> required, but consultation is encouraged. <u>All four of the following conditions must be satisfied in approving educational details:</u></u>
- (1) **VA Mission-related Requirement.** Benefit to VA must be demonstrated. The experience must be shown to be needed to enable residents to enhance their ability to provide care to veterans. *NOTE:* VA cannot reimburse for non-VA training experiences when the sole purpose of the off-site rotation is to gain experience that cannot be obtained at the local VA or

the sponsoring and participating institutions (the reference is: VAOPCADV 21-98, Office of General Counsel Opinion, "Paying residents through disbursement agreements for service outside a VA facility," August 28, 1998).

- (2) **Accreditation Requirement.** For medical programs, the specific experience must be required for accreditation of the program as stated in the ACGME or AOA "Program Requirements" or program accreditation letter. For dental programs, the experience must conform to requirements published by the ADA CDA for Dental General Practice or the Advanced Dental Specialty Educational Programs.
- (3) **Proportionate Share Requirement.** The proportion of VA support for any educational detail must not exceed the percentage of the total VA-funded support for a given residency training program, i.e., the number of resident positions funded by VA divided by the total number of residents in the affiliated program. For example, if VA pays for three of nine hematology or oncology fellows, then VA pays for no more than one third of the educational detail.
- (4) **Affiliation Agreement Requirement.** An affiliation agreement must be in place between VA and the off-site entity providing the off-site experience. An affiliation agreement is essential to ensure that the residents are protected from personal liability either by the Federal government or the non-VA entity.

e. On-call Duty and Coverage

- (1) Residents whose primary assignment is to VA do not receive additional reimbursement for on-call duty.
- (2) In programs in which on-call, night, weekend, and holiday coverage or duty is shared among residents who are not primarily assigned to VA, the proportionate VA share of coverage must be determined as part of the planning process described in subparagraph 7b. Any reimbursement for on-call coverage must be based upon the fractional share of a resident position (by PGY-level) and may not be on an hourly or daily rate basis. Residents may not receive extra pay for "medical officer of the day" or "surgical officer of the day" coverage.
- f. <u>Chief Residents</u> *NOTE:* A post-training chief resident is the only non-accredited position that may be funded through a disbursement mechanism.
- (1) Post-training chief residents may be appointed <u>as paid medical staff</u> by a VA facility, according to local practice, and if appointed, they are <u>not</u> considered trainees. Chief residents appointed as medical staff and paid through local medical care appropriations fall outside the jurisdiction of this policy.
- (2) Post-training chief resident positions, if approved by OAA through the resident allocation process Records Control Symbol (RCS) 10-0144, Medical and Dental Resident Allocation Process, may be funded through a disbursement agreement. In order to receive approval as a 1-year, non-accredited training position(s), the following conditions must be satisfied:

- (a) The chief resident must function in the context of an ACGME or AOA-accredited, affiliated program (even though the chief resident's experience is non-accredited) in programs where there is an established, ongoing practice of funding one or more chief resident positions at the sponsoring institution. *NOTE:* Chief residents typically serve as instructors to more junior residents, assist with program or clinical service administration, arrange for educational conferences and sessions (such as Grand Rounds), and serve as a liaison between the residents and faculty.
- (b) VA chief residents are to be appointed and funded not to exceed VA's proportionate share of all chief residents in the program based upon the number of residents assigned to VA and total number of residents in the program.
- (c) The appointment of a post-training chief resident is part of the accepted, established practice at the local VA affiliate(s) and the affiliated sponsoring institution.
- (d) The chief resident must have completed the minimum years of residency training to satisfy board requirements for applying for board certification.
- (e) The affiliate has an established stipend rate for chief residents or standard assignment of PGY level or "chief resident differential," which must be communicated in writing to the VA facility (see VA Handbook 5007, Pt. II, Ch. 2, and App. E, for more information on stipend rates).
 - (f) The appointment of any one individual as "chief resident" may not exceed 1 year.
- (g) Each allocated chief resident position may be shared by two or more chief residents (e.g., two residents, each with 6-month rotations to VA).
- (h) At the discretion of the local facility, a post-training chief resident may be credentialed and privileged as a licensed independent practitioner (see VHA Handbook 1100.19). If granted clinical privileges, the post-training chief resident may serve as an attending for third-party billing purposes. The chief resident may also act as a supervising practitioner to supervise residents in the appropriate specialty, provided such service is approved by the Residency Program Director. However, the chief resident may not accept additional remuneration for attending duties (e.g., fee basis) if the position is funded through a disbursement agreement as a training position. *NOTE:* See VA Handbook 5007/17, Pay Administration, for the prohibition of dual compensation. There is an exception to this stipulation for service by a non-career resident as Emergency Department Physician ("admitting physician" or "AOD"). See VHA Handbook 1400.1, Resident Supervision, for information relating to resident supervision policy.

18. VA FACILITY ADMINISTRATION OF DISBURSEMENT AGREEMENTS

a. Planning

- (1) Prior to the beginning of the academic year, each VA Site Director, in collaboration with the appropriate Program Director, prepares schedules of educational activities based upon the facility's training capacity and the number of allocated resident positions.
- (2) Such planning is based upon numbers of positions by program and PGY level and need <u>not</u> include the names of specific residents. Site Directors must communicate these schedules to the DEO, who determines the final allocations. The DEO communicates the final allocations to OAA (through OAA's established resident allocation process) and to the DIO(s) of the affiliated institution(s).
- (3) Reimbursement is based upon the number of residents completing VA-approved educational activities and the PGY-specific per diem rates of reimbursement. FICA is <u>not</u> reimbursable for residents on J1 visas, except as allowed by law.

b. Educational Activity Records

- (1) VA facilities must have in place documentation procedures <u>at the service or section level</u> to ensure that residents assigned to the facility have participated in assigned educational activities.
- (2) Program Directors at sponsoring institutions are responsible for maintaining accurate resident assignments to all participating sites (including WOC residents), and for communicating initial schedules and relevant updates to VA Site Directors.
- (3) The DEO and VA Site Directors must review resident schedules and determine, for residents on "split" assignments, the per cent of the resident's total activity assigned to VA. Such determinations need to be conducted in collaboration with Program Directors and take into account all educational and other allowable activities, including on-call coverage and leave (see subpar. 17a(2)).
- (4) Educational activity records that accurately document residents' participation by name and VA-approved PGY level must be maintained monthly (or other defined rotation). The basic document for comparison with submitted invoices is each resident's monthly educational activity record. The educational activity record represents the primary documentation of participation in assigned educational activities, other allowable activities, and approved leave (see subpar. 17c).
- (a) Facilities must have a local policy defining the procedures for resident activity record keeping that includes assignment of record keeping duties to appropriate staff (see subpar. 9a).
- (b) Educational activity records are to be maintained at the service or section level and annotated as appropriate to indicate deviations from scheduled activities. *NOTE:* Computergenerated schedules from the university are acceptable. If an online system is used for tracking

resident activities, there must be a way for VA staff to print-out or download the schedules in order to annotate them.

- (c) Service or section-level record keepers must receive training on the policy and procedures at the time they are assigned to this record keeping duty and annually thereafter.
- (d) Sick and military leave must be documented, and may be prorated based upon the total number of resident positions allocated and assigned to a given program using "leave pool" arrangements (see subpars.17c(2) and 17c(3)).
- (5) Each VA Site Director, or designee, must have a way to monitor resident participation in scheduled educational activities. Fulfillment of ward or clinic duties "by exception" is an acceptable method of verification of participation, i.e., unless there is evidence to the contrary (e.g., complaints of a resident not showing up for clinic or the resident calling in sick), the resident is assumed to be participating as scheduled. Monitoring by exception needs to be combined with spot checks on a rotating basis (e.g., monitors of actual attendance of one or two programs per month so that over the year all programs have been monitored at least once). **NOTE:** Hourly or daily monitoring is <u>not</u> required. Use of sign-in and sign-out sheets, electronic monitors, or other forms of burdensome monitoring and documentation, is discouraged.
- (6) VA educational activity records and the records provided by the sponsoring institution must be reconciled. In the case of a conflict, VA records are the determining basis for reimbursement.
- (a) Discrepancies between the number of residents allocated and the number assigned to VA or between the number assigned and the number who actually participate in educational activities must be brought to the attention of the DEO and Program Director by the VA Site Director or service or section level record keeper.
- (b) VA Site Directors must certify on a monthly basis that the records of educational activities of VA-assigned residents are accurate. In the absence of a Site Director, certification may be delegated to the service or section chief, or designee.
- (7) Educational Activities must be calculated. A resident can be considered either on a "full" assignment or a "split" assignment. As such, reimbursement for educational activities is be calculated by the percent of total activities that are VA-assigned activities in which the resident participated for the month (or other rotation period) multiplied by the PGY-specific per diem rate multiplied by the number of days in the month (or other rotation period).
- (a) A full assignment is one in which the resident is only assigned VA duties for the rotation period, and which meets ACGME duty hour standards. The activities of residents on "full" assignments are reimbursed at 100 percent, because adherence to ACGME requirements implies that there can be no other assignment. For example, in the case of a full-assignment resident, non-duty days, such as week-ends, holidays, or required ACGME duty hour limit days, are considered in the calculation as if the resident were engaged in VA activities on those days, i.e., they are reimbursable.

- (b) A resident on "split" assignment can only be reimbursed in proportion to the number of days on VA assignment because the aggregate of the VA assignment and other assignments must meet ACGME duty hour limits. Examples are:
- 1. An PGY-2 internal medicine resident completes a "full" assignment to VA for the month of July (31 days). The amount that the disbursing agent needs to bill and that VA would reimburse is 1.0 x 31 x the PGY-2 per diem rate. If residents in this program started on the 10th of the month instead of the 1st, the reimbursement would be for 21 days.
- <u>2</u>. A PGY-3 dermatology resident is on a "split" assignment to VA and attends one half-day clinic per week for the month of June. Since this clinic can only occur during VA business hours during the week, the resident's total activities, (2 days out of 20 days, plus on call and related didactic activities) this amounts to a 10 percent "split" VA assignment. The amount that the disbursing agent needs to bill and that VA would reimburse is 0.1 x 30 x the PGY-3 per diem rate.

c. Fiscal Procedures

(1) Projected Annual Reimbursement

- (a) Prior to the beginning of the academic year and after VA has determined its commitment to the educational activities of the sponsoring institution, the DIO submits to the VA DEO and the disbursing agent the planned and budgeted allocation of resident positions by training program and PGY level. *NOTE:* Names of individual residents need not be included in the plan. The budget must include the per diem rate for stipends and fringe benefits for planned resident positions by PGY level that will be in effect at the beginning of the academic year. The projected annual reimbursement is determined, which forms the basis for quarterly or monthly advance payments. Based upon the annual plan and budget, the disbursing agent submits an invoice to VA covering projected resident activities for the full academic year.
- (b) The annual projected reimbursement submitted by the disbursing agent is used by the VA facility to establish an obligation in advance of each month or each quarter, based on the estimated number of allocated resident positions by training program and PGY level.
- (c) Advance quarterly payments of up to 80 percent of projected expenditures may be paid to the disbursing agent (on either a monthly or a quarterly basis) based upon the annual invoice, without the need to receive monthly or quarterly invoices for payment.

(2) Reconciliation Procedures

- (a) The disbursing agent submits a monthly or quarterly invoice detailing the:
 - 1. Number of VA-assigned residents for each training program by PGY level,
- <u>2</u>. Calculated number of days per month based upon the per cent of VA-assigned educational activities for those residents.

- 3. VA-approved per diem rate for each training program by PGY level, and
- <u>4</u>. Total amount being charged for each training program, and the total charge for the period.

NOTE: The invoice does <u>not</u> need to contain the names or other identifiers of individual residents.

- (b) Disbursing agents and sponsoring institutions are expected to exercise due diligence in not claiming residents for VA reimbursement while claiming them under any other Federal payer for the same time period.
- (c) VA educational activity records are used to prepare a monthly (or other rotation period) summary statement of VA-approved educational activities completed. At the end of each month or rotation, the VA Site Director prepares and sends a memo to the DEO (or other office doing the reconciliation) that states, for the month or rotation, the actual number of residents by training program and PGY level rotating at VA during that period and the calculated number of days per month or rotation based upon the percent of VA-assigned educational activities for those residents. This report must be signed by the Site Director or, in the Site Director's absence, the appropriate service or section Chief; however, this report does <u>not</u> need to contain the names or other identifiers of individual resident.
- 1. Residents with "full" assignments will have their educational activities calculated as the number of days in the month (31, 30, or 28 or 29 days, as appropriate) times the per diem rate by PGY level. Alternately (based upon local practice), calculation by another rotation period is acceptable (e.g., some training programs have thirteen 28-day rotations per year).
- <u>2</u>. Residents with "split" assignments have their educational activities reimbursed at the percentage of activities assigned to VA times the number of days in the month (or other rotation period) times the per diem rate by PGY level.
- <u>3</u>. Allowance for reimbursable sick leave and other approved absences (e.g., credit for non-duty days) is made, as appropriate.
- <u>4</u>. Records (including names of individual residents) must be maintained at the service or section level and retained for at least 5 years. These records must be available for auditors should the need arise to reconcile discrepancies.
- (d) A process, including appropriate oversight, must be in place to review and annotate invoices received from the sponsoring institution. Submitted invoices are compared to the certified educational activity records provided by the Site Director(s). VA records as summarized on a monthly basis and certified by the Site Director(s), service or section chief(s), or other appropriate designee(s), are the controlling documentation in the case of discrepancies. Unsubstantiated claims are not paid.

- (e) As part of the reconciliation process, the DEO or designee, must note any discrepancies and assume responsibility for their resolution. The DEO approves the final invoice and submits it to VA Fiscal Service for reimbursement
- (f) Fiscal Service reviews and processes the final invoice, taking into account payments in advance and payments in arrears, and making any necessary additional payments to the disbursing agent or obtaining any refunds from the disbursing agent on a quarterly or other locally-determined basis.
- (g) Fiscal Service does the reconciliation of over or under payment of centralized stipend funds (account .26) on a quarterly basis by way of OAA's Needs and Excess Report.
- (h) Stipends and benefits of residents paid by other sources (e.g., Department of Defense or visiting residents not paid by the disbursing agent) are <u>not</u> eligible for VA reimbursement. Such residents need to be appointed as a WOC resident. WOC residents may include residents who rotate to VA in excess of the facility's official (OAA-approved) resident position allocation.

(3) Periodic Audits and Internal Controls

- (a) The facility Director is responsible for appointing an independent team to conduct periodic audits or facility-level self-assessments of disbursement agreements. The appointed office or individuals must not be directly involved in the management or routine monitoring of disbursement agreements.
- (b) These audits ensure that the facility has adequate record keeping and payment practices. At a minimum, the local, internal VA audit must include:
 - 1. Educational activity record keeping at the service or section level;
- <u>2</u>. Use of approved PGY levels and per diem rates for reimbursement in Fiscal Service invoices and in DEO local monitoring procedures;
 - 3. Reconciliation procedures used by the DEO and Fiscal Service;
- <u>4</u>. Application of Social Security exemptions for J1 visas (through an average FICA rate based upon the number of non-citizen residents on J1 visas); and
- <u>5</u>. Prompt payment of final invoices and avoidance of duplicate payments by Fiscal Service.
- (c) Discrepancies found during internal audits must be brought to the immediate attention of the Chief of Staff and CFO. Any resulting corrections of disbursement payments will be made after consultation with the CFO, DEO, DIO, and the relevant Site and Program Directors, as appropriate.
 - (d) Modifications of local policies or procedures are to be undertaken, as appropriate.

19. PROCESS FOR RATE CHANGES

- a. The disbursing agent or sponsoring institution must notify the DEO and CFO of proposed stipend rate changes on an annual basis. Alternatively, before any change in stipend and benefit rates, the local VA facility (generally the CFO) may solicit proposed stipend and benefit rate changes from the sponsoring institution or the disbursing agent. The DEO must ensure that the disbursing agent has submitted the projected rates for the coming academic year for approval.
- b. The DEO, in collaboration with Fiscal Service, must complete a mock up of the existing rates using the Disbursement Rate Schedule (see App. C). A copy of the documentation used to estimate the rate changes by PGY level must be forwarded to the DEO and facility Director for review and comment, <u>prior</u> to submitting the request to OAA for final approval.
- c. Following OAA review and approval, the Disbursement Rate Schedule is returned to the facility Director. <u>In all cases, the stipend rates by PGY level must be the same as at the sponsoring institution.</u> Chief Residents who meet the criteria specified in subparagraph 17f may be reimbursed at the same stipend rate paid by the sponsoring institution.
- d. Copies of the approved Disbursement Rate Schedule are to be distributed by the DEO to the disbursing agent and the DIO of the sponsoring institution, VA Fiscal Service, and any other staff involved in the disbursement process.

DISBURSEMENT AGREEMENT FOR RESIDENT STIPENDS AND FRINGE BENEFITS FOR PAYMENT IN ADVANCE

The (<u>Name and Location of the Disbursing Agent for the Sponsoring Institution</u>) and the Department of Veterans Affairs facility, (<u>City and State</u>) do hereby mutually agree to the following:

I. QUALIFICATIONS

Each physician and dentist appointed to the affiliated residency program must meet the requirements established by the Department of Veterans Affairs (VA) and by the sponsoring institution and program.

2. RESPONSIBILITIES

During the period of the VA residency training, all trainees will be subject to VA policies and procedures and the regulations of the medical staff bylaws for the VA facility.

3. VA ASSIGNMENTS AND EDUCATIONAL ACTIVITIES

- a. Prior to the beginning of the allocation cycle (e.g., September or earlier), the VA Designated Education Officer (DEO) and the Designated Institutional Official (DIO) of the sponsoring institution will conduct a joint planning process to determine the number and distribution of VA resident positions within the base allocation. The outcome of the process will be a mutually agreed upon plan for the number and distribution of resident positions that will have assigned educational activities at VA for the coming academic year.
- b. After the Match, each Program Director, in collaboration with the VA Site Director, will prepare the schedules of educational activities based upon capacity to train and the number of available and allocated resident positions and the results of recruitment to those positions. The updated schedules will be communicated to the DEO and the DIO.
- c. The performance of resident educational activities at the VA facility will be guided by the monthly or rotational schedules prepared by the Program Director. All Accreditation Council for Graduate Medical Education (ACGME) or American Osteopathic Association (AOA) as appropriate, requirements regarding duty hours must be met for programs accredited by the ACGME, or AOA.
- d. The VA facility will maintain educational activity records that accurately document resident participation by program, name, and VA-approved PGY level. The basic document for comparison to submitted invoices will be a summary document prepared by each VA Site Director of <u>actual participation</u> in assigned educational activities by program and days in approved activities by PGY level (names of residents need not be included in the summary document).

4. CIVIL SUITS

This agreement does not limit or otherwise affect the rights of residents as provided in Title 38 United States Code (U.S.C.) 7316.

5. TERMINATION

This agreement remains in force unless terminated at the request of either party after 90-days notice in writing. If this agreement is so terminated, VA is liable only for the payment provisions of this agreement for services rendered prior to the effective date of termination.

6. RATE AND COST DETERMINATION AND CHANGES

- a. In the preparation of the Disbursement Agreement Rate Schedule (see Attachment), current stipend and benefit rates by PGY level will be submitted by the disbursing agent for the purpose of establishing the VA-approved rates. Documentation supporting the stipend and fringe benefit rates must be submitted with the rate schedule. New rates must be updated and approved on an annual basis and incorporated into the agreement by amendment to the Attachment. Any modification or amendment of the Disbursement Agreement Rate Schedule (see Attachment) will be subject to review and approval by the Chief Academic Affiliations Officer. Increases or decreases will be retroactive to effective date of such changes when approved by the Chief Academic Affiliations Officer.
- b. The calculation of allowable reimbursement will be determined by the monthly or rotational educational activity records and the per diem rates of reimbursement for the postgraduate year (PGY) level of residents assigned to and participating in educational activities at VA. The per diem rate will be determined based upon the annual PGY-specific stipend rates at the sponsoring institution or disbursing agent plus the fringe benefits.
- (1) A weighted or average Federal Insurance Contributions Act (FICA) rate will be determined based upon the proportion of non-citizen residents on J1 visas, as no reimbursement for FICA is allowed for residents on J1 visas for the first 2 years of US residency.
- (2) The basis for calculation of the per diem rate is the annual stipend plus benefits divided by 365 days per year, less the allowed annual (vacation) leave at the sponsoring institution.
- (3) Non-duty days as required by duty-hour restrictions, weekends with no clinical assignments, and holidays are reimbursable (based upon the proportion of time assigned and actually spent in VA educational activities) and other VA-approved absences as allowed by VA policy.
- c. Stipends and benefits of without compensation (WOC) residents will not be reimbursed. That is, residents paid by other sources (e.g., Department of Defense or visiting residents not paid by the Disbursing Agent) are not eligible for stipend or benefit reimbursement.

d. The (<u>Name of Disbursing Agent</u>) will not be reimbursed under this disbursement agreement for any administrative costs related to resident education.

7. SCHEDULE OF ASSIGNMENTS.

Prior to the beginning of the academic year, the disbursing agent will provide an invoice showing the planned number of residents assigned to VA for the ensuing academic year by quarter and the estimated total cost. The basis of the invoice will be the plan for scheduled resident assignments by program and by PGY level. No resident names need to be listed on the invoice estimate. The planned assignment of VA activities cannot exceed the number of positions allocation to the VA facility.

8. FISCAL PROCEDURES

- a. The VA facility will establish a fiscal obligation in advance of each month or of each quarter, based on the schedule of resident assignments provided by the affiliate and approved by the VA facility.
- b. The disbursing agent will submit a monthly (or quarterly) invoice containing the following basis for billing:
- (1) For each training program, the number of residents at a given PGY level x the calculated number of days per month spent in VA-assignments based upon the percent (%) of VA-assigned educational activities for those residents during the month or rotation = the calculated number of days = the PGY subtotal days. *NOTE:* Individual resident determinations need not be shown; however, the basis for these calculations should be available in order to understand or resolve any discrepancies with VA records.
- (a) The aggregate number of days x the per diem rate (specified on the invoice) by each PGY level by program = the subtotal amount being charged for the training program (sum of all PGY subtotals for a given program), and
 - (b) The total charge (sum of all program subtotals)
- (c) The invoice does not need to contain the names or other identifiers of individual residents.
 - c. The VA facility will reconcile the invoice against VA educational activity records.
- d. VA educational activity records are the sole determinant of whether VA activities were performed as billed. VA records are the controlling documentation, and unsubstantiated claims will not be paid.

9. PAYMENTS

a. <u>Timing of Payments.</u> The timing of payments to the affiliate for this agreement is payments in advance.

b. Provisions for Payment in Advance

- (1) VA agrees to pay up to (_______(80 per cent is the maximum, specify amount___) percent of the estimated charges for a calendar quarter in advance, between the first and the l0th day of each calendar quarter (July 1-10, October 1-10, January 1-10, and April 1-10), provided (_Name of Disbursing Agent__) submits to VA a summary schedule of educational activity assignments for VA residents on or before June l, which is approved by the VA facility Chief of Staff in collaboration with the DEO. The schedule will show the planned number of residents assigned to VA for the ensuing academic year by quarter and the estimated total cost. The actual charges incurred will be determined after receipt of a properly prepared invoice and reconciliation with VA educational activity records (see par. 8). VA will pay the difference between actual charges and the amount paid in advance for the same time period. If monies advanced by VA are more than the actual charges incurred, the difference shall be refunded to VA within 30 days after reconciliation of the invoices for each quarter.
- (2) Payments will be based on the residents' schedules of educational activities. Residents on "full" VA assignments for the month will have their stipends and benefits reimbursed based upon the days in the month or assigned rotation (if less than 1 month), multiplied by the appropriate, approved daily rate by PGY level listed in the Attachment. The daily rate is determined by dividing the total annual stipend by 365 (366 in leap years) minus the allowed annual leave. Reimbursement for "split" assignment residents will be determined by multiplying the percentage of the resident's activities at VA times the daily rate for the month x the number of days per month and the percent assigned VA activities for their PGY level.
- (3) Annual leave is incorporated into the per diem rate and thus cannot be billed for additionally.
- (4) No other excused absences (e.g., sick leave or holidays) may be incorporated into the per diem rate calculation; however, some VA-approved excused absences may be reimbursed per policy.
- (5) The (<u>Name of Disbursing Agent</u>) will withhold from the salary checks of all residents all required federal, state, and local income taxes, if any, and any other salary deductions required or authorized by law or regulation. Such withholding services will include preparation and submission of all required reports, and the forwarding of monies withheld to the appropriate taxing or other collecting agency.

10. LEAVE

- a. <u>Annual Leave.</u> Annual leave for residents is incorporated into the per diem or daily rate. {I.e., the basis for calculation of the per diem rate is the annual stipend plus benefits divided by [365 days per year less the allowed annual (vacation) leave at the sponsoring institution].} VA will not additionally reimburse annual leave. The disbursing agent will <u>not</u> bill for resident annual leave that may occur during VA assignments. VA-assigned residents may take annual leave provided the leave has been approved in advance by the Program Director and the VA Site Director (if during VA assignments).
- b. <u>Sick Leave.</u> Sick leave will be governed by the policy at the (<u>Name of Sponsoring Institution</u>) but must not to exceed 15 days per academic year of training for each resident position as a leave pool or per individual resident. Resident sick leave days do not accrue from year to year. Unused sick leave is non-reimbursable. Sick leave may include family leave, bereavement, or maternity leave if allowed by the policy at (<u>Name of Sponsoring Institution</u>).
- c. <u>Military Leave.</u> Residents who are members of the United States National Guard or a reserve component of the armed forces may be granted military leave, not to exceed 15 calendar days per year, for the performance of active military duty.
- d. <u>Examination Leave.</u> Residents will be allowed leave to undergo examinations for state medical licensure and U.S. specialty boards. The amount of authorized examination leave will not exceed the time actually required for taking the examination and for travel to and from the place of examination.
- e. <u>Authorized Absence for Educational Purposes.</u> As part of their expected scholarly activities and provided attendance could be reasonably considered to enhance the provision of care to veterans, residents may be permitted to attend a national or local meeting using "authorized absence" (i.e., approved in writing by the VA Site Director and DEO) for no more than 5 days.

11. TERM OF AGREEMENT

This agreement is effective (<u>Beginning Date</u>). *NOTE*: The beginning date can not be prior to the date when the agreement is accepted by the disbursing agent and the sponsoring institution and the VA facility.

CORECTED COPY

September 19, 2008

12. AUTHORITY

This agreement is entered into under the authority of Title 38 United States Code Section 7406(c) added by Public Law 93-82 Section 206.

<u>(D</u>	Date)	(Dat
Responsible Official, Sponsoring Institution (name and title)	Responsible Official, Disbursing Agent (if different from Sponsorin Institution)	ıg
Director, VA Medical Facility (Date)	(Date)	
Chief Academic Affiliations Officer	(Date)	

DISBURSEMENT AGREEMENT FOR RESIDENT STIPENDS AND FRINGE BENEFITS FOR PAYMENT IN ARREARS

The (<u>Name and Location of the Disbursing Agent for the Sponsoring Institution</u>) and the Department of Veterans Affairs facility, (<u>City and State</u>) do hereby mutually agree to the following:

I. QUALIFICATIONS

Each physician and dentist appointed to the affiliated residency program must meet the requirements established by the Department of Veterans Affairs (VA) and by the sponsoring institution and program.

2. RESPONSIBILITIES

During the period of the VA residency training, all trainees will be subject to VA policies and procedures and the regulations of the medical staff bylaws for the VA facility.

3. VA ASSIGNMENTS AND EDUCATIONAL ACTIVITIES

- a. Prior to the beginning of the allocation cycle (e.g., September or earlier), the VA Designated Education Officer (DEO) and the Designated Institutional Official (DIO) of the sponsoring institution will conduct a joint planning process to determine the number and distribution of VA resident positions within the base allocation. The outcome of the process is a mutually agreed upon plan for the number and distribution of resident positions that will have assigned educational activities at VA for the coming academic year.
- b. After the Match, each Program Director, in collaboration with the VA Site Director, prepares the schedules of educational activities based upon capacity to train and the number of available and allocated resident positions and the results of recruitment to those positions. The updated schedules are communicated to the DEO and the DIO.
- c. The performance of resident educational activities at VA is guided by the monthly or rotational schedules prepared by the Program Director. All Accreditation Council for Graduated Medical Education (ACGME), or American Osteopathic Association (AOA) requirements regarding duty hours must be met for programs accredited by the ACGME, or AOA.
- d. The VA facility must maintain educational activity records that accurately document resident participation by program, name and VA-approved post-graduate year (PGY) level. The basic document for comparison to submitted invoices is a summary document prepared by each VA Site Director of <u>actual participation</u> in assigned educational activities by program and days in approved activities by PGY level (names of residents need not be included in the summary document).

4. CIVIL SUITS

This agreement does not limit or otherwise affect the rights of residents as provided in Title 38 United States Code (U.S.C.) 7316.

5. TERMINATION

This agreement remains in force unless terminated at the request of either party after a 90-day notice in writing. If this agreement is so terminated, VA is liable only for the payment provisions of this agreement for services rendered <u>prior</u> to the effective date of termination.

6. RATE AND COST DETERMINATIONS AND CHANGES

- a. In the preparation of the Disbursement Agreement Rate Schedule (see App. C), current stipend and benefit rates by PGY level are submitted by the disbursing agent to establish the VA-approved rates. Documentation supporting the stipend and fringe benefit rates must be submitted with the rate schedule. New rates must be updated and approved on an annual basis and incorporated into the agreement by amendment to the agreement using an Disbursement Agreement Rate Schedule attachment (see App. C). Any modification or amendment of the Disbursement Agreement Rate Schedule attachment is subject to review and approval by the Chief Academic Affiliations Officer. Increases or decreases will be retroactive to effective date of such changes when approved by the Chief Academic Affiliations Officer. Administrative costs are not included in reimbursement rates.
- b. The calculation of allowable reimbursement is determined by the monthly or rotational educational activity records and the per diem rates of reimbursement for the PGY level of residents assigned to and participating in educational activities at VA. The per diem rate is determined based upon the PGY-specific annual stipend rates at the sponsoring institution or disbursing agent plus the fringe benefits.
- (1) A weighted or average Federal Insurance Contributions Act (FICA) rate is determined based upon the proportion of non-citizen residents on J1 visas, as no reimbursement for FICA is allowed for residents on J1 visas for the first 2 years of residency in the United States.
- (2) The basis for calculation of the per diem rate is the annual stipend plus benefits divided by 365 days per year, less the allowed annual (vacation) leave at the sponsoring institution.
- (3) Non-duty days as required by duty-hour restrictions, weekends with no clinical assignments, and holidays are reimbursable (based upon the proportion of time assigned and actually spent in VA educational activities) and other VA-approved absences, as allowed by current VA policy.
- (4) Stipends and benefits of without compensation (WOC) residents are not reimbursed. That is, residents paid by other sources (e.g., Department of Defense or visiting residents not paid by the Disbursing Agent) are not eligible for stipend or benefit reimbursement.

c. (<u>Name of Disbursing Agent</u>) is not reimbursed under this disbursement agreement for any administrative costs related to resident education.

7. SCHEDULE OF ASSIGNMENTS

Prior to the beginning of the academic year, the disbursing agent provides an invoice showing the planned number of residents assigned to VA for the ensuing academic year by quarter and estimated total cost. The basis of the invoice is the plan for scheduled resident assignments by program and by PGY level. *NOTE:* No resident names need to be listed on the invoice estimate. The planned assignment of VA activities cannot exceed the number of positions allocation to the VA facility.

8. FISCAL PROCEDURES

- a. A fiscal obligation at the must be established in advance of each month or of each quarter, based on the schedule of resident assignments provided by the affiliate and approved by the VA facility.
- b. The disbursing agent submits a monthly (or quarterly) invoice from the disbursing agent containing the following information as the basis for billing:
- (1) For each training program, the number of residents at a given PGY level times the calculated number of days per month spent in VA-assignments (based upon the per cent of VA-assigned educational activities for those residents during the month or rotation) equals the calculated number of PGY subtotal days. *NOTE:* Individual resident determinations need not be shown; however, the basis for these calculations needs to be available in order to understand or resolve any discrepancies with VA records.
- (a) The aggregate number of days times the per diem rate (specified on the invoice) by each PGY level by program equals the subtotal amount being charged for the training program (sum of all PGY subtotals for a given program), and the total charge (sum of all program subtotals).
- (b) The invoice does not need to contain the names or other identifiers of individual residents.
 - c. The VA facility must reconcile the invoice against VA educational activity records.
- d. VA educational activity records are the sole determinant of whether VA activities were performed as billed. VA records are controlling documentation, and unsubstantiated claims will not be paid.

9. PAYMENTS

a. The timing of payments to the affiliate for this agreement is payments in arrears.

b. Provisions for Payment in Arrears

- (1) VA agrees to reimburse the (<u>Name of Disbursing Agent for the Sponsoring Institution</u>) on a (<u>frequency; i.e., monthly, quarterly, etc.</u>) basis upon receipt of a properly prepared invoice and reconciliation against VA records.
- (2) Payments are based on the residents' schedules of educational activities. Residents on "full" VA assignments for the month have their stipends and benefits reimbursed based upon the days in the month or assigned rotation (if less than 1 month), multiplied by the appropriate, approved daily rate by PGY level listed in Appendix C. The daily rate is determined by dividing the total annual stipend by 365 (366 in leap years) minus the allowed annual leave. Reimbursement for "split" assignment residents is determined by multiplying the percentage of the resident's activities at VA times the daily rate for the month times the number of days per month.
- (3) Annual leave is incorporated into the per diem rate and thus cannot be billed for additionally.
- (4) No other excused absences (e.g., sick leave or holidays) may be incorporated into the per diem rate calculation; however, some VA-approved excused absences may be reimbursed per policy.
- (5) The (<u>Name of Disbursing Agent</u>) will withhold from the salary checks of all residents all required federal, state, and local income taxes, if any, and any other salary deductions required or authorized by law or regulation. Such withholding services will include preparation and submission of all required reports, and the forwarding of monies withheld to the appropriate taxing or other collecting agency.

10. LEAVE

- a. **Annual Leave.** Annual leave for residents is incorporated into the per diem or daily rate as allowed by the disbursing agent, i.e., the basis for calculation of the per diem rate is the annual stipend plus benefits divided by 365 days per year less the allowed annual (vacation) leave at the sponsoring institution. VA will not additionally reimburse annual leave. The disbursing agent will <u>not</u> bill for resident annual leave that may occur during VA assignments. VA-assigned residents may take annual leave provided the leave has been approved in advance by the Program Director and the VA Site Director (if during VA assignments).
- b. **Sick Leave.** Sick leave is governed by the policy at the (<u>Name of Sponsoring Institution</u>), but must not to exceed 15 days per academic year of training for each resident position as a leave pool or per individual resident. Resident sick leave days do not accrue from year to year. Unused sick leave is non-reimbursable. If allowed by the policy at (<u>Name of Sponsoring Institution</u>), sick leave may include family leave, bereavement, or maternity leave.

- c. **Military Leave.** Residents who are members of the United States National Guard or a reserve component of the armed forces may be granted military leave, not to exceed 15 calendar days per year, for the performance of active military duty.
- d. **Examination Leave.** Residents are allowed leave to undergo examinations for state medical licensure and U.S. specialty boards. The amount of authorized examination leave can not exceed the time actually required for taking the examination and for travel to and from the place of examination.
- e. **Authorized Absence for Educational Purposes**. As part of their expected scholarly activities and provided attendance could be reasonably considered to enhance the provision of care to veterans, residents may be permitted to attend a national or local meeting using "authorized absence" (i.e., approved in writing by the VA Site Director and the DEO) for no more than 5 days.

11. TERM OF AGREEMENT

This agreement shall be effective (<u>Beginning Date</u>). *NOTE:* The beginning date can not be prior to the date when the agreement is accepted by the disbursing agent and the sponsoring institution and the VA facility.

This agreement is entered into under the authority of Title 38, United States Code, Section

12. AUTHORITY

7406(c) added by Public Law 93-82	Section 206.	
Responsible Official, Sponsoring Institution (name and title)	(Date) _	Responsible Official, Disbursing Agent (if different from Sponsoring Institution)
Director, VA Medical Facility (Date)		(Date)
Chief Academic Affiliations Officer		(Date)

SAMPLE DISBURSEMENT RATE SCHEDULE

Disbursement Agreement Between VA Medical Center (name of VA) and (name of Disbursing Agent) for (name of Sponsoring Institution)

EFFECTIVE DATE:

PAGE 1 OF 1

DOCUMENT DATE:

DOCUMENT DATE.							
	PG1	PG2	PG3	PG4	PG5	PG6	PG7
STIPEND	\$35,924.00	\$36,424.00	\$36,924.00	\$37,424.00	\$37,924.00	\$38,424.00	
FICA (7.65%) ^{See (3) below.}	2,748.19	2,786.44	2,824.69	2,862.94	2,901.19	2,939.44	
HEALTH INSURANCE	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	3,600.00	
DISABILITY INSURANCE	120.00	120.00	120.00	120.00	120.00	120.00	
LIFE AND AD&D INS	25.00	25.00	25.00	25.00	25.00	25.00	
BENEFITS (subtotal)	\$6,493.19	\$6,531.44	\$6,569.69	\$6,607.94	\$6,646.19	\$6,684.44	
TOTAL	\$42,417.19	\$42,955.44	\$43,493.69	\$44,013.94	\$44,570.19	\$45,108.44	
DAILY RATE	\$123.31	\$124.87	\$126.44	\$128.00	\$129.56	\$131.13	

NOTE: This example assumes 21 days of allowable annual leave and uses 344 days/year (365-21) to calculate the per diem rate.

- (1) Assignment of residents above the PG5 level should be reviewed for consistency with VA policy (but does not require OAA review or approval).
- (2) Disbursement for a maximum of 365 days (the number of days of AL) of VA duty is permitted for each allocated position.
- (3) FICA rates must be reduced for residents who are ineligible for FICA, e.g., with J1 visas. An average or pro-rated FICA (taking into account the proportion of non-citizen residents with J1 visas) should be used.
- (4) Chief residents who are in a VA-approved, non-accredited training year may be paid a differential consistent with the stipend rate for chief residents at the sponsoring institution. [Only 1 chief resident is allowed per 9 positions – or 1 chief resident plus 8 other residents in the same ACGME-accredited training program.]

DISBURSEMENT AUTHORIZED:

Chief Academic Affiliations Officer